

SUSTAINABLE FUNDRAISING & THE ROLE OF THE BOARD

Board Leadership Edmonton

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Facilitated by

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SECTION 1: SIGNS OF SUSTAINABILITY

1. Ensure your organization is on track by asking these questions:

- ✓ Does 100% of the board make a charitable gift?
- ✓ Are your streams of revenue diversified?
- ✓ Does any one source contribute 20% or more of your overall revenue?
- ✓ After considering the mission, are decisions made with donor interest in mind?
- ✓ Are you actively widening your circle and engaging new prospects?

2. Below are the most common streams of fundraising related revenue for non-profits.

The most sustainable organizations will invest in several methods of fundraising. Some methods may be a better fit than another. Keep in mind your organizations structure, resources, relationship to the community, and the risk/reward balance of each method.

| TYPE | DEFINITION | CONSIDERATIONS |
|------------------------|---|--|
| Memberships | Individual pays due or fee to become a member with the organization. | <ul style="list-style-type: none"> • Recruitment campaigns are needed each year to maintain • Prospects for future donors and volunteers • Strong sense of ownership and partnership • Members may feel as though their due's are a form of gift • Unrestricted revenue |
| Annual Campaign | Raising funds through various direct mail and online appeals. | <ul style="list-style-type: none"> • Tool for prospecting major and planned gifts • Unrestricted (but not always a large source) of revenue • Encourages regular communication with donors |
| Monthly Giving | Reoccurring gifts made by donors. | <ul style="list-style-type: none"> • Donor longevity - average life-cycle of monthly donor is seven years • Steady source of ongoing, and often unrestricted revenue • Tool for prospecting planned gifts |
| Major Gifts | Prospecting donors from your networks and community to solicit for a single large gift. | <ul style="list-style-type: none"> • Need robust prospecting pools to effectively secure • Need rest periods between major gifts (not a reoccurring annual source), and gift is often restricted towards specific campaign. |
| Planned Gifts | Contribution that is arranged in the present but allocated at a future date. | <ul style="list-style-type: none"> • Often given through a will or trust as part of a financial or estate plan and can be cash, equity, property, etc. • Needs strong relationship to ensure gift remains available in the future. |
| Grants | Sum of money received to fulfil a specific purpose or project. | <ul style="list-style-type: none"> • Often one-time, project based – restricted revenue • Very competitive, and award is based on eligibility and criteria |
| Funders | Often a grant for operations or project. | <ul style="list-style-type: none"> • Often fulfilled by government bodies and can be very competitive |
| Lottery Funds | Revenue received for participation in a lotto. | <ul style="list-style-type: none"> • Heavily restricted and regulated • May require large volunteer resources and capital investments. |
| Sponsorships | Cash or in-kind investments made in exchange for the benefit of a business. | <ul style="list-style-type: none"> • Opportunity driven • Customizable and renewable • Corporate structure can make relational stewardship difficult |
| Cause-Marketing | Revenue received from co-branding the sale of a product. | <ul style="list-style-type: none"> • Deepens awareness and brand recognition • Opportunity driven |
| Events | A social engagement and/or activity that generates support. | <ul style="list-style-type: none"> • Soft costs (e.g. staff time) can be extensive if not volunteer driven • Tool for donor cultivation, prospecting, and unrestricted revenue |
| Endowments | An established investment fund that provides revenue earned from the capital. | <ul style="list-style-type: none"> • Requires large initial investment • Provides opportunity for legacy fundraising • May require more in-depth fiduciary oversight to yield returns |

SECTION 2: RELATIONSHIP FUNDRAISING

“Great fundraising is not selling, it’s offering donors a relationship of shared conviction.” - Ken Burnett

1. Make a list of attributes and descriptions that are applicable for each word below.

| DONORS | FRIENDS | PARTNERS |
|--------|---------|----------|
| | | |

2. **Fundraising begins with friend-raising.** An increasing network of friends is the most valuable component to a strong, sustainable fund development program.

3. Defining Your Network & Spheres of Influence

Who do you know? How do you know them? What area within your organization might interest them? What might be an appropriate way to introduce them to your organization? What next step could you take to introduce them to the organization?

| SEGEMENT | NAME | POTENTIAL INTEREST | ACTION STEP |
|---------------------------------------|------|--------------------|-------------|
| Personal Professional Services | | | |
| Accountant | | | |
| Insurance Agent | | | |
| Attorney | | | |
| Doctor/Dentist | | | |
| Realtor | | | |
| Financial Advisor | | | |
| Association & Clubs | | | |
| Community League | | | |
| Golf Club | | | |
| Gym /Athletic Leagues | | | |
| Church Members | | | |
| Professional & Alumni | | | |
| Co-Workers | | | |
| Colleagues | | | |
| Vendors | | | |
| Clients | | | |
| Fellow Alumni | | | |
| Family & Friends | | | |
| Friends | | | |
| In-laws | | | |
| Parents of my kids' friends | | | |
| Neighbours | | | |
| Who has asked me to give? | | | |
| Local Businesses | | | |
| Baker | | | |
| Retailers | | | |
| Restaurants | | | |
| Banker | | | |
| Butcher | | | |
| Barber/Hairstylist | | | |

4. Invite People to Get Involved

Taking into consideration your network and spheres of influence, ask them to get involved. Although asking for money is important, its isn't always the first thing you ask. Consider asking them to:

- Learn more by reading a proposal
- Attend an event
- Go on a tour
- Attend a meeting to learn about the work being done
- Volunteer
- Recommend others who they know that might have an interest
- Make a financial gift

5. Five Guidelines when Asking

1. Keep it simple.
2. Keep it specific.
3. Make it impactful.
4. Keep it open-ended.
5. Follow up promptly with next steps.

Examples

Every month we have a casual community breakfast where people can come and learn about the Centre, first-hand (1). They are only an hour long and usually take place before the start of business (2), so they don't interrupt your work day (3). Would you be interested in attending a breakfast and learning how we helping homeless neighbours (4)?

We need volunteers to help serve food and manage laundry services at the Centre (1) on weeknights (2). We see about 60 neighbours a day and without volunteer assistance we can't provide all the services (3). Would you be interested in learning more about our volunteer opportunities (4)?

Monthly gifts have a great impact – providing reliable support for our homeless neighbours (1 & 2). For example, a \$50 gift will provide six people with laundry, showers, food, foot care, and clothing for an entire month (3)! Would you help provide these valuable resources for our homeless neighbours and sign up as a monthly donor (4)?

6. Make Use of Networking Opportunities

When asked "What do you do?" in social settings, consider noting your role as a board member. To help do this, make sure you know your elevator speech and your personal story about why you are involved. Here is a helpful tool that might help you craft your elevator speech:

| | |
|---|--|
| 1. Vision: What are we doing? | |
| 2. Mission: How are we doing it? | |
| 3. Value: What makes us unique? | |

Example

Common Ground creates a space where community members can engage, build relationships, and share in one another's lives (1). We operate a non-profit coffee shop that hosts a wide variety of community programming (2). It's primarily volunteer driven, so our barista and even bakers are all volunteers (3).

SECTION 3: INSIGHTS & TIPS

1. Glimpse at the Numbers

Often it requires many meetings, with many prospects to secure one major charitable gift. Below are some industry averages that might help you understand why it's important to engage your networks*.

| Prospect Audience | A. Number of people asked to secure one donor | B. Number of meetings or touch points to secure a gift | C. Total meetings or touchpoints to secure one gift from audience |
|---|---|--|---|
| Donors and/or volunteers | 3 | 3 | 5 |
| Advocates (people you communicate with) | 5 | 4 | 8 |
| Friends of friends | 8 | 5 | 12 |
| Cold calls | 10 | 6 | 15 |

*The Fundraising Authority - www.thefundraisingauthority.com

Case Study

Earth House Arts Collective wants to raise \$100,000 for a new exhibit from new donors. The average gift from donors is \$5,000, so they estimate needing 20 new gifts to reach their goal. They estimate 40% of their total prospects are donors and volunteers, 30% are advocates, 20% are friends of friends, and 10% will be cold calls.

Using the information above and the industry standards to answer the following:

1. What is the average number of donors each prospect group will yield?
2. How many people must they approach in order to secure the required amount of donors?
3. How many meetings/touch points with prospects and donors will it take to reach their goal?

| | Allocation of Prospects | # Donors Estimated (% prospects x gifts needed) | # Prospects Needed (donors x Column A) | # Meetings/Touchpoints (donors x Column C) |
|---------------------|-------------------------|--|---|---|
| Donors / volunteers | 40% | | | |
| Advocates | 30% | | | |
| Friends of Friends | 20% | | | |
| Cold Calls | 10% | | | |
| TOTAL | 100% | 20 | | |

How many people do you need to introduce to your organization to meet your fundraising goals?

Keep in mind how much time and work goes into preparing and following up for each meeting.

2. Helping Friends Become Investment Partners

Make sure your organization is practicing donor-centered fundraising with mission-centered asks!

- When you meet with donors are you doing more listening than talking?
- Are your interactions driven by passion and values that the organization and donor both share?
- Do you avoid jargon in your communications?
- Are your touch points personal and direct?
- Do you regularly tell the donor the result and impact their gift made?
- Do you have stewardship plans for each donor?
- Do you track special donor requests and abide by them?

3. Opportunities for Board Members to Help Fundraise

- Represent the organization at community functions or events
- Host a personal cultivation event
- Facilitate introductions to your networks
- Provide insight to prospect lists
- Make donor visits with a staff
- Make donor thank you calls or write thank you letters
- Providing a matching gift challenge
- Chair a fundraising campaign
- Participate in researching or writing grants
- Invite your fundraising staff to contribute reports at the board meeting

4. Common Fundraising Mistakes

- Allowing gift to pull you away from the mission
- Event-centered strategies
- Forgetting to steward the donor after receiving a gift
- Living in the shadow of major donors/sponsors
- Inkind sponsorships that don't provide strong mission-centered value
- Over-promising and under-delivering
- Growth projections don't correlate to percent of prospects available

HELPFUL RESOURCES

- **The Zen of Fundraising** by Ken Burnett
- **Donor Centered Fundraising** by Penelope Burk
- **The Eight Principles of Sustainable Fundraising** by Larry C. Johnson
- **KCI Philanthropy** (kciphilanthropy.com)
- **The Fundraising Coach** (fundraisingcoach.com)
- **Arroyo Fundraising** (arroyofundraising.com)

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